



Government of the Netherlands

Churchill Lecture by Prime Minister Mark Rutte, Europa Institut at the University of Zurich

Speech | 13-02-2019

The EU: from the power of principles towards principles and power

Herr Präsident Hengartner,
Herr Dr. Notter,
Herr Regierungspräsident,
Your Excellencies,
Ladies and gentlemen,

In 1920 the famous Dutch historian Johan Huizinga coined the phrase ‘historical sensation’: the feeling of transcending the present and coming into contact with the past. It’s something you might experience in a museum or a historic building, or when you handle a historical object. As it happens, I’m having that sensation right now, because I stand here on truly historic ground, in the very hall where Sir Winston Churchill delivered his famous speech on the future of Europe in 1946. As a history graduate and a great admirer of Churchill, I am deeply honoured to be following in his footsteps.

So let me begin by saying thank you: to the Europa Institut of the University of Zurich for inviting me, and for the privilege of speaking to you. And let me thank everyone here for coming today. There’s also a more personal reason why I’m delighted to be in your country. Switzerland is close to my heart because, for many years now, I’ve been coming here with a few old friends to enjoy a short ski break. In fact I’ll be back next week, minus the suit and tie. And the warm welcome I received today only adds to my feeling of being among friends in this stunningly beautiful country.

Ladies and gentlemen, when Churchill spoke in Zurich 73 years ago, post-war Europe was still in ruins, and its future was highly uncertain, to say the least. ‘The cannons have ceased firing’, Churchill said. ‘The fighting has stopped. But the dangers have not stopped.’ And so he used words of doom and gloom to paint a picture of a future that could easily turn dark again, unless the nations of Europe – and especially France and Germany – worked together to build a common future.

He started his speech with some ominous words. He wished to speak, he said, 'about the tragedy of Europe, this noble continent (...)' But he ended with those famous and potent words of hope: 'Let Europe arise.'

And Europe did arise.

Thanks to Marshall Plan aid.

Thanks to European cooperation and the establishment of a rules-based global order.

And of course thanks to the Pax Americana that, for decades, provided a formidable security umbrella to shelter under.

There can be no doubt that, since Churchill's speech in Zurich, we've come a long, long way. Europe has become more prosperous, secure and democratic than perhaps even he could have dreamt back in 1946. Our continent flourished, thanks to the single market and thanks to our collective efforts to promote and uphold democratic values and the rule of law. It has always been that combined focus on our bread and butter and our shared values – the power of soft power – that has made Europe unique and strong. In fact, for many decades we could cherish the belief that the European approach and way of life were an example for the rest of the world. And after the Berlin Wall came down, it seemed for a while as if this idea would become reality. We all remember Francis Fukuyama's prediction of the 'end of history' and – as he put it – 'the universalisation of Western liberal democracy as the final form of human government'.

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A quarter of a century later, we know that the end of history never arrived. Instead, in the last decade or so, we've been witnessing a new phase in which hard power appears to be gaining the upper hand over soft power. Today we live in a multipolar world, in which a growing number of countries and political leaders seem to believe that international relations are a zero-sum game. This means that the EU, which was built on the power of principles, is increasingly being confronted by the principles of power.

This didn't happen overnight. In reality, the shift away from a US-led international order towards a multipolar world was set in motion long before President Trump took office. In reality, for some years now, the rise of China and the return of Russia to the world stage have had an enormous impact on world politics. It's not just the 'America first' policy that Europe must find ways to deal with. We are also witnessing a chain of action and reaction, with Russia, China, India, Turkey, Brazil and many other countries putting their country first.

So my key message today is this: the EU needs a reality check; power is not a dirty word. Realpolitik must be an essential part of Europe's foreign policy toolkit. Because if we only preach the merits of principles and shy away from exercising power in the geopolitical arena, our continent may always be right, but it will seldom be relevant, to paraphrase an expression sometimes applied to the Dutch. I believe that the EU needs to pursue its own interests, in the knowledge that power and principles aren't mutually exclusive. They go hand in hand.

We should take this very seriously, because the blessings of this 'privileged continent' of ours, as one of my predecessors at this podium called it, cannot be taken for granted. It's far from clear that we will be able to hold on to what we have. The question is: what can we do to make sure that, in a future world order, Europe doesn't end up in second or third place? Today I will reflect on this question in the light of three key strategic interests: the future of world trade, our Common Foreign and Security Policy, and energy security in the context of climate change.

But first a few words on the basic principles that we should hold on to, no matter what. The importance of sticking together is obvious. The importance of a rules-based multilateral world order is equally self-evident. But today let me add a third principle, which is the centrepiece of my message today: the importance of being less naïve and more realistic.

First of all, we should stick together, now more than ever. Because if the chaos of Brexit teaches us anything, it's that there's no such thing as splendid isolation. I've often argued that the mere fact of being embedded in the EU framework makes us stronger and safer. I've taken a firm stance on an EU that is big on the big things, and small on the small things. And I've said many times before that I believe the EU is stronger when a deal is a deal. In the EU there can be no haggling over democracy and the rule of law. We must always draw the line when fundamental values come under pressure, as they have in countries like Poland and Hungary. But a deal is also a deal when it comes to the euro and the Stability and Growth Pact. Because here too, bending the rules can erode the entire system, and we cannot have that. To me the whole idea of the EU is a group of independent member states working together to bring each other to a higher level of prosperity, security and stability. Unity is the source of our capacity to act in the outside world. Let me emphasise that, for me, there's no contradiction between strong member states and a strong EU. Quite the opposite, in fact. Without strong member states there cannot be a strong EU.

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And let me include Switzerland in this. Because the EU and Switzerland should also stick together, as we always have. It's simply common sense. And not only for reasons of geography. There is so much that unites us, including a steadfast belief in democracy. Nowhere in the world is it so deeply rooted and so visibly manifest as in Switzerland. I see Swiss membership of the Schengen Area as a symbol of the close relationship of trust that has grown between us in the years since 1945.

It would be a positive step to make that relationship even stronger by agreeing on the Institutional Framework, giving Switzerland even better access to the single market. The honest message in this regard is: the single market is not a menu from which you can pick and choose. Not for candidate countries, not for the United Kingdom in the Brexit negotiations, and not for Switzerland either. But earlier today when I met with President Maurer, I emphasised again that the EU is reaching out to Switzerland. And we hope that this year the negotiations can be successfully concluded. Because, as I've said before: we need each other.

Let me now move on to the second basic principle: the importance of the rules-based multilateral world order. The EU itself is the best example of the universal benefits of working together internationally. And of course the post-war success of the EU and

all its member states also rests on the global post-war order, embodied in organisations like the UN, NATO, the IMF and the World Trade Organization. Being embedded in these institutions has brought unprecedented peace, security and prosperity to Europe and many other parts of the world.

The Sustainable Development Goals are the blueprint for achieving a better and more sustainable future for all.

And yes, the multilateral system is far from perfect. There are always improvements to make and steps to take. But my point is that it's in our own interest to make sure the system keeps working now that the global balance of power is shifting. So Europe should passionately defend and strive to improve the rules-based multilateral order.

Which brings me to the third basic principle, that Europe should become less complacent and naïve, and more realistic than it has been in the past. Under the US security umbrella it was relatively easy to claim the moral high ground. To tell others where they were going wrong and what they should or shouldn't do. And it goes without saying that the EU must always stand up for the values that bind us, both in Europe and worldwide. But I seriously doubt whether this, on its own, will make the EU as effective and influential as it could be, as it wants to be, and as it should be in the future.

Personally, in over eight years in office, I have come to the conclusion that being streetwise now and then is also a form of wisdom. Take, for example, some of President Trump's strong criticisms of multilateral organisations and the EU. I think that Europe should be much more like Sir Winston Churchill's famous saying about the optimist, who sees the opportunity in every difficulty. Let me put it this way: US policies under this president could well be the incentive we need to make changes for the better.

For example to make the UN more effective. To reform and empower the World Trade Organization. And – not least – to make sure that the EU as a whole and European NATO members individually take more responsibility for their own safety and security. Even if that comes with a price tag.

Besides, it's true what they say: sometimes you have to dance with whoever's on the dance floor. We don't always have a choice. But let's not forget, the same goes for our dance partners. That's why I believe that, however our transatlantic bond may change, it will never become weak or obsolete. There's too much at stake on both sides of the Atlantic. Europe and the US share many values and interests. We are the bedrock of freedom, democracy and the rule of law. We are the world's biggest trading partners. And together, we form the world's most powerful military alliance. The simple truth is this: if Europe succeeds, America benefits, and vice versa. A prosperous and secure Europe, with its central location in the vicinity of Russia, the Middle East and Africa, is a key strategic interest for the United States. So I think we can convey a confident message to President Trump, and we should do exactly that.

Now, as Sir Winston Churchill also said, you need tools if you want to get a job done. And we have those tools in place. As the largest internal market and trading bloc in the world, the EU has a powerful asset: market access; not only through goods and services, but also through visa-free travel. We have a wide range of trade agreements and strategic partnerships with countries and regions around the globe to fall back on. The EU and its member states remain the leading donor when it

comes to development aid and humanitarian assistance. And while NATO is and remains our first line of defence and our guarantee of security, we do have the means to deploy civilian and military missions abroad.

The initiative to improve military mobility in the EU will bolster NATO and the security of the European continent. So economically, strategically and in terms of defence, the EU is far from toothless. But we must be willing to use the instruments we have, and we must deploy them much more strategically and coherently.

And now, if we agree on the basic principles, let us turn to three of the most pressing questions before us which require a much more realistic geopolitical outlook. How can we safeguard rules-based world trade and economic security? How can we strengthen our Common Foreign and Security Policy? And how can we guarantee energy security for the people of Europe? Because we don't want to become dependent on one or two non-European countries. And we must fulfil the Paris Agreement on climate change.

Let me begin with the issue of an effective rules-based trade system. Like Switzerland, the Netherlands knows that the importance of the trade system cannot be overstated. The single market and the world trade system have formed the basis for Europe's prosperity since the Second World War. In the last couple of years there has, rightly, been a lot of focus on the US threat of possible tariff walls and other barriers to trade. Without wishing to play down the risks of this confrontational policy, we must not lose sight of what lies behind it. It cannot be denied that, for many years now, there have been serious market distortions in the world trade system that pose a threat to the level playing field. Not only for US firms, but also for European ones. That is the true underlying problem.

In 1995, in the creation of the WTO, the world recognised the paramount importance of global free trade, a predictable trade climate with a level playing field, and an effective mechanism for settling disputes. This rule-based system is the best way to increase international prosperity. A lot has changed since then. New, major players have entered the field. I'm thinking mainly of China of course. As a state-led non-market economy, it is tilting the playing field with non-transparent state subsidies and unequal market access. It's also clear that China doesn't shy away from exercising its market power to protect its own economic and political interests. This gives rise to the danger of cherry picking. And we cannot solve that issue with outdated rules and agreements. We share that concern with President Trump. It's high time that the US and Europe came together to set about reforming the WTO in earnest.

I admit that this will not be easy. As you probably know, the Americans are taking a hard line and blocking the appointment of new members to the Appellate Body, because they feel that the WTO has been overstepping its authority. The impending paralysis of dispute settlement at the WTO is one of the problems we must solve if we want to avoid a scenario where 'might is right'. But I also see America's aggressive stance as a means to force the issue, and finally deliver on the much-discussed and sorely needed modernisation of the WTO. The EU can and must show leadership precisely because an effective multilateral trade system and a level playing field are so important to us. In essence, we need to tighten existing WTO rules and bring them up to date.

There are now simply too few options to combat issues like competition-distorting state aid and enforced technology transfer. State-led economies need to become far

more transparent. The rules must be better monitored, and compliance must be stepped up. This is another reason it's vital the Appellate Body can operate with authority. Let us break the deadlock, once and for all. And let us also be less naïve and better protect our critical technology and industrial knowhow. But not, of course, at the expense of the power and effectiveness of the single market.

This brings me to the next point I'd like to touch on: the Common Foreign and Security Policy. Certainly in its own geopolitical back garden, the EU should be a political force to be reckoned with. In reality we are not, or at least not enough. One of the main problems is that, in many cases, member states and the European institutions are not on the same page, so in geopolitical terms we don't pull our weight as we should and could. Take the conflicts in Syria and Libya, for example. Even though they are on our doorstep, the EU is not a sufficiently relevant player.

The Common Foreign and Security Policy is all about deploying tools in a coherent way. In other words: not only defence, but also the power of sanctions and diplomacy. This is a broad field of operations. But in practice this discussion is often reduced to our financial contribution to NATO and the merits of a European army.

Let me say a few brief words on this. The post-war European success story was achieved in a bipolar cold war era, with the US as the dominant global force. EU member states could feel secure under the Pax Americana overseen by NATO. And in all fairness: the price we paid was a real bargain. In 2014 it was agreed that all NATO members would aim to spend two per cent of GDP on defence by 2024. We need to stand by this commitment, not only because the Americans have a point when they press for a larger European contribution, but above all because it is in our own interest. After all, since 2014 the threats on the EU's external border have become far bigger and more unpredictable, especially in the east. To quote Winston Churchill once more: 'Russia is a riddle wrapped in a mystery inside an enigma.' That hasn't changed.

NATO remains our first line of defence and our guarantee of security, and in my opinion that rules out a European army. When it comes to military capability, the European NATO members do need to learn to stand on their own two feet. To work together more, and to be less dependent on the US. The reality is that, in a changing security context, other interests have come to weigh more heavily for the US, for example in East Asia. So NATO member states will have to invest more in their own armed forces and work together even more closely, including in an EU context. I already mentioned the example of military mobility. It will bolster the EU and it will bolster Europe's contribution to NATO, giving Europe more leverage in a more balanced alliance. So here, too, we should continue to invest in the multilateral system.

An important question in the Common Foreign and Security Policy is how the EU employs the instrument of sanctions. Sanctions are playing an increasing role in the foreign policy of the EU and its member states, the Netherlands included. Sometimes the EU forms a relatively unified and effective front – think of the sanctions against Russia, Iran and Syria. But more often the EU's action lacks teeth, as the agreement of all 28 member states is needed and sectional interests often come into play.

The requirement of unanimity reflects the fact that foreign policy is part of the core of national sovereignty. We must abide by that principle.

But when it comes to sanctions, I do think that we must give serious thought to enabling qualified majority voting for specific, defined cases. We need to be able to pack more of a punch.

Of course, the EU is making progress on this point, but it often takes an incident or a crisis to induce it to act. The Skripal affair and the use of chemical weapons in Syria, for instance, led to a quicker decision on an EU sanctions regime to counter the use of chemical weapons. And after a Russian cyberattack on the Organisation for the Prohibition of Chemical Weapons was foiled on Dutch territory, the Netherlands joined other countries in pushing for a new cyber sanctions regime, to deter any future would-be cyber attackers. In this way we are showing the outside world that the EU can pull together when needed.

At the same time we must be realistic. Too often the EU members are played off against each other. We really have to ask ourselves why US sanctions have so much more impact than EU sanctions, and what we can learn from that. In essence it comes down to the link between our own market power and our own geopolitical objectives. US sanctions always have extraterritorial effect. If you fail to abide by US sanctions, your access to US markets and finance is blocked. The Americans can do this because there is a single political focus, a single enforcement authority and a single message. If you contravene US sanctions, you will have problems. That policy has the advantage of simplicity, but it often goes against the letter and the spirit of the agreements we've made on free world trade.

And here's the crux of the dilemma facing the EU. What should be given greater weight: the rules-based order, which is so important to our prosperity – the soft power of principles? Or a Common Foreign and Security Policy that makes an impact – the hard principles of power?

Of course the trick is to reconcile both these ideas. On this point the member states and the Commission need to do far more to act in concert and present a united front to the outside world. It begins with a willingness to link market power to political objectives and economic interests. Perhaps it's time to take a leaf out of the EU's trade policy book. By means of international trade agreements, the EU links market power with human rights, sustainability, working conditions and other subjects. Via the European Commission, member states speak with one voice to all the EU's trade partners. We need that same unity and coordination in sanctions policy and supervision.

A level playing field demands that companies know that any breach of sanctions will trigger enforcement action throughout the EU. The European Commission can serve as a linking pin for the national enforcement authorities, prompting them to take effective action and calling them to account if they fail to do so. The Commission can also inform companies across the EU about what they can and cannot do. I think this is a task it can take up after the European elections in May.

It's a similar story in the area of energy security. Here too, EU member states must present a far more united front in their dealings with third countries. After the oil crisis in the 1970s, energy was, for a long time, simply another commodity, another product offered for sale like a car, or items in the supermarket. The Commission oversaw the

internal energy market, preventing the emergence of monopolies. But otherwise it was a matter for individual member states and the large national energy companies. They could partly provide for their own energy needs, and the rest they could easily buy on international coal, gas and oil markets. Here, again, they were aided by the US, which played a key role in securing the supply of oil, especially from the Gulf region.

That worked well for a long time, but those days are over. Our own reserves of oil, coal and gas are running out, and our relations with our main suppliers – Russia and a number of Middle Eastern countries – are not what they were. For some years now, energy prices have been consistently higher than in previous decades. And the reality of climate change and the Paris climate agreement is forcing us to make big cuts in carbon emissions.

Doing nothing means we will become ever more dependent on a few countries that do not hesitate to pursue ‘pipeline politics’, exerting an undesirable influence on the internal affairs of the EU and its member states. I believe the EU should operate far more strategically in this context. Firstly, by diversifying. We are still far too dependent on Russia and the Gulf States. So the logical step would be to enter into supply contracts with producers from the US, Canada, Norway, Africa and Central Asia. And to invest heavily in our storage capacity for liquefied natural gas.

Next – and this ties in with what I said about sanctions – we must be ready to use Europe’s considerable market power as a counterweight to countries that employ pipeline politics as a tool of foreign policy. Measures have already been taken in recent years to ensure that state-controlled outside players like Gazprom cannot take over vital energy infrastructure on European territory. And if, in the future, we are the target of pipeline politics from outside the EU, we must have the courage to seek a response in which we bring our combined influence to bear. Last Friday EU member states took a major step in the right direction. The compromise on the gas directive will allow the EU to apply its energy-market standards to third countries.

Of course, the call for energy security cannot be viewed in isolation from the necessary transition to clean energy. This is a prime example of something we can only tackle at European level. And it’s something we must tackle. To limit global warming, as we agreed in Paris.

Because we cannot leave future generations to pick up the bill for climate change. Because it’s in our economic interest: the energy transition will be a driver of innovation, which can help Europe stay out in front. But certainly also because it’s in our geopolitical strategic interests to become less dependent on non-European energy suppliers. This is another reason why the Netherlands is proposing a more ambitious European target for cutting CO2 emissions, pressing for a 55 per cent reduction by 2030.

The bottom line here is that energy policy, across the board, is increasingly taking on a European dimension. And the Netherlands is willing to work together more, and more closely, with the other member states, because our shared interest is also our self-interest. But in fact that’s the central idea underpinning the whole EU, as reflected in Churchill’s Zurich speech.

Ladies and gentlemen,

In that speech Churchill predicted that European unity would 'in a few years make all Europe, or the greater part of it, as free and happy as Switzerland is today.' He called it a potential 'miracle'. And we know, with the benefit of hindsight, that this miracle has happened. Now it's up to us to secure Europe's position on the world stage, confidently and with a new sense of reality. Because in an insecure, multipolar world, 'power' is not a dirty word. And I believe we must face up to that reality, to make sure that future generations of Europeans can work their own miracles.

Thank you.

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